

Contact: Joan Racki

REGISTER OF UNIVERSITY OF NORTHERN IOWA
CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

Action Requested: Consider approval of the following actions for the **Redeker Center Expansion - Phase 2** project, a major capital project as defined by Board policy.

1. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (see Attachment A);
2. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration; and
3. Approve the project description and budget (\$4,350,000), and financing plan for the project, with the understanding that approval will constitute final Board approval and authorization to proceed with construction on Phase 2.

Executive Summary: At its February 2012 meeting, the Board approved the schematic design for Phases 1 and 2 of the **Redeker Center Expansion** project, and the project description and budget for Phase 1 in the amount of \$1,150,000. The University now requests approval of the project description and budget (\$4,350,000) for the Phase 2 project, which will provide additional dining seating, the expansion of the bakery/commissary, additional office support space, and a student computer and lounge area by constructing additions on the east and west corners of Redeker Center. (A map showing the location of Redeker Center is included as Attachment B.)

Financing Plan: The project cost of \$4,350,000 would be financed by proceeds from the sale of Dormitory Revenue Bonds. In developing the financing plan, the University made the following assumptions:

- Apartment and residence hall occupancy: Residence System apartment occupancy was 261 in fall 2011 following the decommissioning of College Courts in May 2011. Occupancy is assumed to be 461 after Phase 1 of Panther Village is occupied in August 2012; students have signed contracts for all the Phase 1 apartments. Occupancy is anticipated to be 755 after Phase 2A of Panther Village is occupied in August 2013. Apartment occupancy is forecast to remain at that level through FY 2024. Residence hall occupancy decreased from 4,428 in fall 2010 to 4,359 in fall 2011. It is forecast to increase to 4,360 in FY 2013 and 4,439 in FY 2014. Hall occupancy is forecast to remain at that level through FY 2024.
- Additional dining contracts: The financial proforma includes 100 additional dining contracts after Phase 1 of Panther Village is occupied in August 2012 and an additional 100 contracts after Phase 2A is occupied in August 2013.
- Residence hall, meal, and apartment housing rate increases: 3.5 percent annually, with no increases forward from FY 2012 for other income and interest.
- Cost increases: Professional & scientific annual salary increases of 3.5 percent and Regents Merit System annual salary increases of 4.0 percent; utility costs will increase 4.0 percent annually, food costs will increase 3.0 percent annually, and repairs and other items will increase 1.0 percent annually.

- Dormitory Revenue Bonds to be issued would have 10 maturities with an estimated annual debt service of \$550,000 based upon February 16, 2012 rates.
- Bonds to be sold for the project would be combined into one bond issue with the current refunding of the 2002 and 2003 Series bonds. (Both of these series of bonds are callable beginning July 1, 2012.)

A proforma through FY 2018 for the Residence System, including the sale of the new money bonds and the proposed refunding is included as Attachment C. The proforma for years FY 2019 to FY 2024 is available from the Board Office.

The outstanding debt of the Residence System is \$66.1 million. The Dormitory Revenue Bond covenants require that revenues minus expenses be at least 1.35 times the annual debt service payment. The University’s proforma indicates a projected coverage of 1.90 times in FY 2014 to 6.84 times in FY 2024.

Details of Project:

Redeker Center Expansion

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Oct. 2011	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		Oct. 2011	Receive Report
Design Professional Agreement (OPN Architects; Cedar Rapids, IA) (Full design services, Ph. 1; programming and schematic design, Ph. 2	\$ 148,530	Dec. 2011	Not Required*
Schematic Design – Phases 1 and 2		Feb. 2012	Approved
Project Description and Budget – Phase 1	1,150,000	Feb. 2012	Approved
Final Review and Consideration of Capital Project Evaluation Criteria		Feb. 2012	Receive Report
Project Description and Budget – Phase 2	4,350,000	Mar. 2012	Requested
Financing Plan		Mar. 2012	Requested

*Approved by Executive Director consistent with Board policies

With the addition of 450 beds in Panther Village Apartments, there is an anticipated demand for additional meal plans from these residents. The dining area in Redeker is already operating beyond design capacity; expansion is needed to provide sufficient seating for students wanting meals.

On the second floor the dining area would be expanded to provide additional seating capacity, and the back of the house dishwasher area would be reworked for better process flow. On the first floor, the bakery/commissary areas would be expanded and additional office support space and student computer and lounge space would be added.

Project Budget – Phase 2

Construction	\$3,396,650
Design, Inspection and Administration	440,190
Furniture and Equipment	178,000
Artwork	21,750
Project Contingencies	<u>313,410</u>
TOTAL	<u>\$4,350,000</u>
Source of Funds:	
Dormitory Revenue Bonds	<u>\$4,350,000</u>
TOTAL	<u>\$4,350,000</u>

Redeker Center Expansion – Phase 2
Evaluation Criteria

Since the project meets the Board's definition of a major capital project, the University has provided the following information in response to the Board's evaluation criteria.

1. How does this project help fulfill the institution's mission and strategic plan?

Part of the University's strategic plan includes increasing graduation rates. Students who live on campus are more likely to graduate compared to their counterparts who reside off-campus. To attract more students to stay on campus and to diversify room inventory types, the University is constructing Panther Village apartments.

With the addition of 450 beds in Panther Village, there is an anticipated demand for additional meal plans from these residents. The dining area in Redeker is already operating beyond design capacity as there is a renewed demand for students to live on campus. With the additional meal plans from Panther Village, the dining area will be in the untenable position of insufficient seating for students wanting meals.

The bakery/commissary is over capacity. Expanding the central production area will support the increasing demands for all the dining areas on campus. Finally, a modest addition of office space will support growing needs for technology staff and consolidate offices for improved efficiency.

The primary focus of Phase 2 will be to increase the seating capacity in the dining area on the second floor, expand the bakery/commissary area including storage, offices, add dock space and provide enhanced student lounge and computer room spaces. Modest changes to departmental offices will also be made.

2. What other alternatives were explored to meet the needs identified in number 1 above?

Decline to sell meal plans to residents living in Panther Village.

This alternative was determined not to be as desirable as the proposed expansion to Redeker Center.

3. When this project is completed, what facilities and total square footage will be abandoned, transferred, or demolished and how does this compare to the new or renovated square footage?

The total Phase 2 project adds approximately 11,904 GSF and 10,938 NSF.

4. What financial resources are available to build/remodel renovate the proposed capital project?

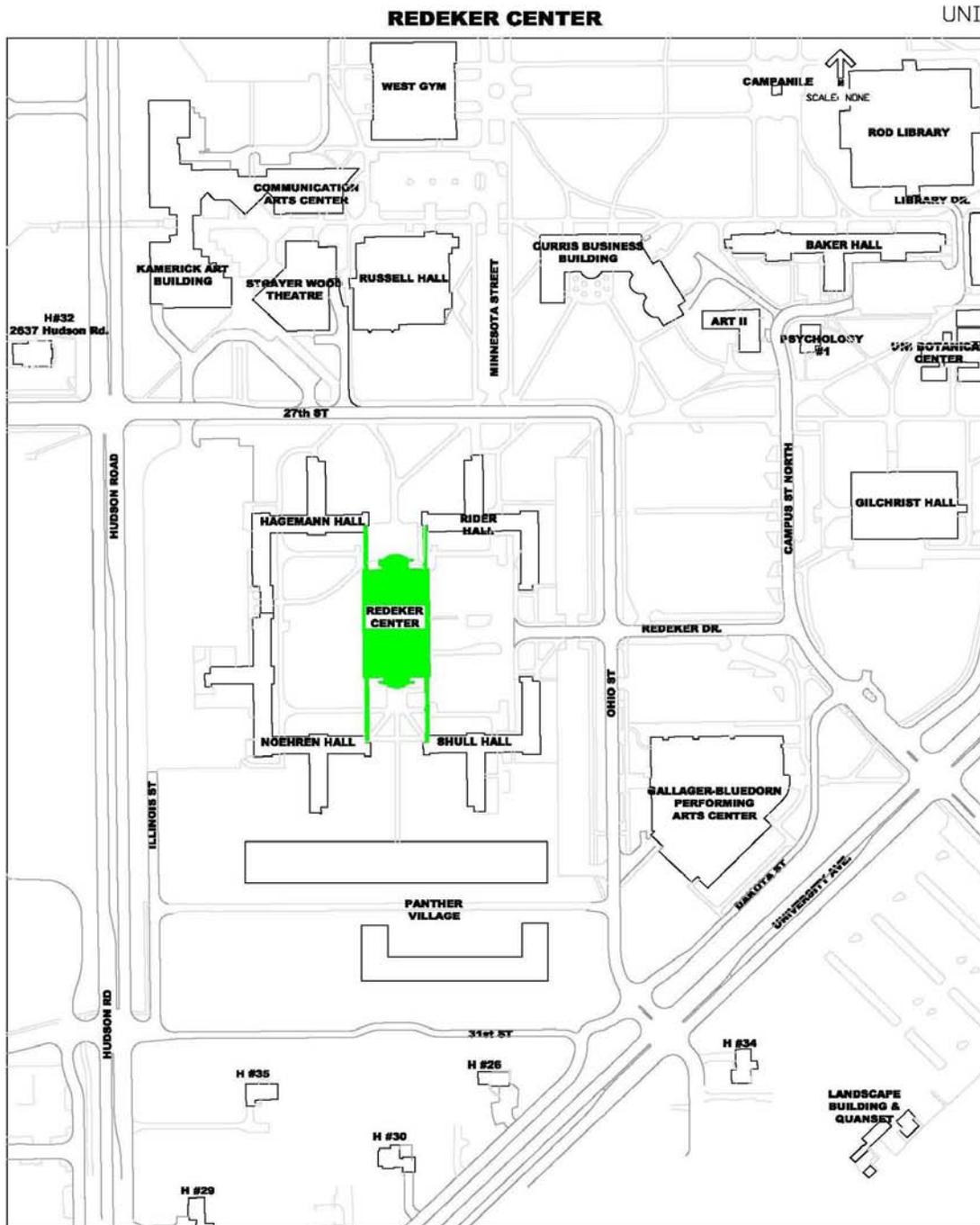
Residence System Bonds.

5. What resources are available to operate and maintain the proposed capital project without compromising current programs and operations?

Additional sales from the convenience store and additional meal plans.

6. Identification of any compelling external forces that justify approval of this capital project.

None to our knowledge.



UNIVERSITY OF NORTHERN IOWA
DEPARTMENT OF RESIDENCE
FINANCING PLAN

Phase 2A &
Redefer Center
Expansion

Phase 1
Occupancy

Phase 2
Occupancy

	actual	2011-12	revised budget	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Fiscal Year	2010-11	2011-12	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Hall Occupancy	4428	4424	4359	4360	4439	4439	4439	4439	4439
Apartment Occupancy	350	306	261	461	755	755	755	755	755
Double Room Rate	\$ 7,120	\$ 7,426	\$ 7,426	\$ 7,597	\$ 7,863	\$ 8,138	\$ 8,423	\$ 8,718	\$ 9,023
Rate Increase Assumption:									
Room		103.5%		102.3%	103.5%	103.5%	103.5%	103.5%	103.5%
Meals		103.5%			103.5%	103.5%	103.5%	103.5%	103.5%
ROTH Room		103.5%			103.5%	103.5%	103.5%	103.5%	103.5%
Apartments		103.5%			103.5%	103.5%	103.5%	103.5%	103.5%
Contract Income	\$ 31,090,652	\$ 31,956,746	\$ 31,007,361	\$ 32,939,679	\$ 36,371,305	\$ 37,651,016	\$ 38,976,076	\$ 40,353,577	\$ 41,771,952
Other Income	\$ 5,982,803	\$ 5,518,556	\$ 5,904,372	\$ 5,855,372	\$ 5,855,372	\$ 5,855,372	\$ 5,855,372	\$ 5,855,372	\$ 5,855,372
Interest Income	\$ 437,198	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
TOTAL REVENUE	\$ 37,510,653	\$ 37,675,302	\$ 37,111,733	\$ 38,995,051	\$ 42,426,677	\$ 43,706,388	\$ 45,031,448	\$ 46,408,949	\$ 47,827,324
P & S Salaries	\$ 2,557,642	\$ 2,734,712	\$ 2,723,377	\$ 2,852,665	\$ 2,952,508	\$ 3,055,846	\$ 3,162,801	\$ 3,273,499	\$ 3,388,071
Merit Salaries	\$ 2,647,536	\$ 3,070,482	\$ 2,746,292	\$ 2,897,967	\$ 3,092,139	\$ 3,215,824	\$ 3,344,457	\$ 3,478,235	\$ 3,617,365
Merit Hourly Wages	\$ 1,847,119	\$ 1,908,855	\$ 1,904,185	\$ 2,343,079	\$ 2,462,259	\$ 2,560,750	\$ 2,663,180	\$ 2,769,707	\$ 2,880,495
Overtime	\$ 61,592	\$ 32,104	\$ 49,838	\$ 62,444	\$ 64,942	\$ 67,539	\$ 70,241	\$ 73,051	\$ 75,973
Student Wages	\$ 3,643,459	\$ 3,729,853	\$ 3,723,318	\$ 3,700,845	\$ 3,779,258	\$ 3,806,778	\$ 3,835,261	\$ 3,864,741	\$ 3,895,253
Fringe Benefits	\$ 3,183,167	\$ 3,406,763	\$ 3,415,049	\$ 3,725,087	\$ 4,017,682	\$ 4,258,743	\$ 4,514,268	\$ 4,785,124	\$ 5,072,231
Subtotal	\$ 13,940,515	\$ 14,882,769	\$ 14,562,059	\$ 15,582,087	\$ 16,368,788	\$ 16,965,480	\$ 17,590,207	\$ 18,244,357	\$ 18,929,388
Repairs	\$ 1,750,089	\$ 1,917,368	\$ 1,826,635	\$ 1,964,942	\$ 2,031,453	\$ 2,051,768	\$ 2,072,286	\$ 2,093,008	\$ 2,113,939
Utilities	\$ 1,991,241	\$ 2,415,192	\$ 2,145,180	\$ 2,338,743	\$ 2,606,045	\$ 2,710,287	\$ 2,818,698	\$ 2,931,446	\$ 3,048,704
Food	\$ 4,633,501	\$ 5,052,178	\$ 5,012,170	\$ 5,053,355	\$ 5,286,408	\$ 5,445,000	\$ 5,608,350	\$ 5,776,601	\$ 5,949,899
Other	\$ 2,590,917	\$ 2,958,869	\$ 3,019,084	\$ 3,090,370	\$ 3,191,431	\$ 3,223,345	\$ 3,255,578	\$ 3,288,134	\$ 3,321,016
Subtotal	\$ 10,965,748	\$ 12,343,607	\$ 12,003,069	\$ 12,447,410	\$ 13,115,337	\$ 13,430,400	\$ 13,754,912	\$ 14,089,189	\$ 14,433,557
TOTAL EXPENSES	\$ 24,906,263	\$ 27,226,376	\$ 26,565,128	\$ 28,029,497	\$ 29,484,124	\$ 30,395,880	\$ 31,345,119	\$ 32,333,546	\$ 33,362,945
REVENUE OVER EXPENSE	\$ 12,604,390	\$ 10,448,926	\$ 10,546,605	\$ 10,965,554	\$ 12,942,553	\$ 13,310,508	\$ 13,686,328	\$ 14,075,403	\$ 14,464,379
Current Debt	\$ 4,317,379	\$ 4,439,124	\$ 4,439,124	\$ 5,196,105	\$ 6,570,111	\$ 6,557,016	\$ 6,554,751	\$ 6,554,058	\$ 6,559,021
Current + 2012 Refundings & RDC Expansion	\$ 4,317,379	\$ 4,981,609	\$ 4,872,938	\$ 4,987,986	\$ 6,808,811	\$ 6,794,416	\$ 6,794,126	\$ 6,795,069	\$ 6,797,366
Maximum Debt	\$ 4,317,379	\$ 6,755,910	\$ 6,808,811	\$ 6,808,811	\$ 6,808,811	\$ 6,797,366	\$ 6,797,366	\$ 6,797,366	\$ 6,797,366
Coverage Ratio	292%	155%	155%	161%	190%	196%	201%	207%	213%
Net before Mandatory Transfers	\$ 8,287,011	\$ 5,467,317	\$ 5,673,667	\$ 5,977,568	\$ 6,133,742	\$ 6,516,092	\$ 6,892,202	\$ 7,280,334	\$ 7,667,013
Mandatory Transfers	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000
Reduction in Net Assets of Operating Fund	\$ 1,516,655	\$ 514,385	\$ 514,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Transfer to System Fund	\$ 9,473,666	\$ 5,137,317	\$ 5,858,052	\$ 5,647,568	\$ 5,803,742	\$ 6,186,092	\$ 6,562,202	\$ 6,950,334	\$ 7,337,013
System Fund Balance-Beginning	\$ 5,599,960	\$ 6,935,115	\$ 6,935,115	\$ 8,372,039	\$ 2,562,718	\$ 2,345,985	\$ 3,163,180	\$ 3,891,755	\$ 4,483,750
Transfer to Improvement Fund	\$ (6,783,000)	\$ (2,557,000)	\$ (2,557,000)	\$ (3,012,000)	\$ (4,551,000)	\$ (4,559,000)	\$ (5,000,000)	\$ (5,500,000)	\$ (6,000,000)
Administrative Overhead	\$ (689,639)	\$ (730,659)	\$ (714,128)	\$ (750,737)	\$ (787,103)	\$ (809,897)	\$ (833,628)	\$ (858,339)	\$ (884,074)
Capital Projects	\$ (685,872)	\$ (4,486,771)	\$ (1,150,000)	\$ (7,694,151)	\$ (682,372)	\$ -	\$ -	\$ -	\$ -
Transfer from Operating Fund	\$ 9,473,666	\$ 5,137,317	\$ 5,858,052	\$ 5,647,568	\$ 5,803,742	\$ 6,186,092	\$ 6,562,202	\$ 6,950,334	\$ 7,337,013
System Fund Balance-Ending	\$ 6,935,115	\$ 4,298,002	\$ 8,372,039	\$ 2,562,718	\$ 2,345,985	\$ 3,163,180	\$ 3,891,755	\$ 4,483,750	\$ 4,936,689